

FTSE/JSE All Africa Index Series

v4.3



**FTSE
RUSSELL**
An LSEG Business



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Section 1

Introduction

1. Introduction

- 1.1 This document sets out the Ground Rules for the construction and management of the FTSE/JSE All Africa Index Series. Copies of the Ground Rules are available from FTSE, the JSE Limited (see Appendix C Country additions and deletions)
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Countries were added to or deleted from the FTSE/JSE All Africa Index Series at the market close on the following dates:

15 September 2023

Addition: Ghana and Tanzania

Deletion: Nigeria ([announcement](#))

1.2 **Appendix D**

and on the websites www.ftserussell.com and www.jse.co.za.

1.3 The FTSE/JSE All Africa Index Series is designed to represent the performance of African companies listed on stock exchanges in African countries that qualify for inclusion (“qualifying countries”) as constituent countries of the FTSE/JSE All Africa Index Series and hence to provide investors with a transparent and replicable way in which to measure the performance of the constituent companies.

1.4 The FTSE/JSE All Africa Index Series does not take account of ESG factors in its index design.

1.5 **FTSE Russell**

FTSE Russell is a trading name of FTSE International Limited, Frank Russell Company, FTSE Global Debt Capital Markets Limited (and its subsidiaries FTSE Global Debt Capital Markets Inc. and FTSE Fixed Income Europe Limited), FTSE Fixed Income LLC, FTSE (Beijing) Consulting Limited, Refinitiv Benchmark Services (UK) Limited, Refinitiv Limited and Beyond Ratings.

1.6 **IOSCO**

1.6.1 FTSE considers that the FTSE JSE All Africa Index Series meets the IOSCO Principles for Financial Benchmarks as published in July 2013.

1.7 FTSE Russell hereby notifies users of the index series that it is possible that circumstances, including external events beyond the control of FTSE Russell, may necessitate changes to, or the cessation of, the index series and therefore any financial contracts or other financial instruments that reference the index series should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index series.

1.8 Index users who choose to follow this index or to buy products that claim to follow this index should assess the merits of the index’s rules-based methodology and take independent investment advice before investing their own or client funds. No liability whether as a result of negligence or otherwise is accepted by FTSE Russell for any losses, damages, claims and expenses suffered by any person as a result of:

- any reliance on these Ground Rules;
- any inaccuracies in these Ground Rules;
- any non-application or misapplication of the policies or procedures described in these Ground Rules; and/or
- any inaccuracies in the compilation of the Index or any constituent data.

1.9 The list of qualifying countries whose exchanges are eligible for inclusion in the FTSE/JSE All Africa Index Series is shown in Appendix B.

1.10 There are two indices under the FTSE/JSE All Africa Index Series.

1.10.1 FTSE/JSE All Africa 40 Index

This index comprises the largest 40 companies in the eligible countries by full market capitalisation that meet the eligibility criteria set out in these Ground Rules.

1.10.2 FTSE/JSE All Africa ex South Africa 30 Index

This index comprises the largest 30 companies in the eligible countries excluding South Africa by full market capitalisation that meet the eligibility criteria set out in these Ground Rules.

1.11 Price indices will be calculated in real time every 15 seconds in US Dollars and South African Rand.

1.12 Total return indices are published at the end of each working day. The total return indices are based on ex-dividend adjustments.

Section 2

Management responsibilities

2. Management responsibilities

2.1 FTSE/JSE Responsibilities

2.1.1 FTSE is the benchmark administrator of the index series¹.

2.1.2 FTSE is responsible for the daily calculation, production and operation of the FTSE/JSE All Africa Index Series, and will:

- calculate all the indices in the FTSE/JSE All Africa Index Series real time and will maintain records of the index weightings of all constituents and reserve companies;
- following consultation with the JSE, FTSE will make changes to the constituents and their weightings in accordance with the Ground Rules;
- monitor and liaise with JSE on all changes to index and constituent data;
- carry out the quarterly review of the FTSE/JSE All Africa Index Series and liaise with the JSE on implementing the resulting constituent changes as required by the Ground Rules;
- publicise changes to the constituent weightings resulting from their ongoing maintenance and the periodic reviews; and
- disseminate the indices.

2.1.3 FTSE Russell is also responsible for monitoring the performance of the FTSE/JSE All Africa Index Series throughout the day and will determine whether the status of each index should be firm, closed, held or indicative. FTSE Russell will inform the JSE of all occasions when an index is not firm in the official index period and will inform the FTSE/JSE Advisory Committee of the reasons for all such occasions at the next regular meeting.

2.2 FTSE/JSE Index Series Advisory Committee

2.2.1 Committee responsibilities

The purpose of the committee is to consider and advise on matters relating to and proposed amendments to the Ground Rules governing the management of the FTSE/JSE All Africa Index Series and to ensure that best practice is used in the construction and ongoing management of the Indices.

In particular, the committee will:

- ensure that global standards are applied in the Ground Rules;
- advise on how to reconstruct or replace the existing index methodology;
- oversee the ongoing management of the indices, corporate actions and changes to Ground Rules; and
- advise on the construction and methodology of new indices.

¹ The term administrator is used in this document in the same sense as it is defined in [Regulation \(EU\) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds](#) (the European Benchmark Regulation) and [The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019](#) (the UK Benchmark Regulation).

2.2.2 The Terms of Reference of the FTSE/JSE Index Series Advisory Committee are set out on the FTSE Russell website:

[FTSE JSE Africa Index Series Advisory Committee.pdf](#)

2.3 Amendments to these Ground Rules

2.3.1 These Ground Rules shall be subject to regular review by FTSE Russell to ensure that they continue to best reflect the aims of the index series. Any proposals for significant amendments to these Ground Rules will be subject to consultation with FTSE Russell Advisory Committees and other stakeholders if appropriate. The feedback from these consultations will be considered by the FTSE Russell Index Governance Board before approval is granted.

2.3.2 Where FTSE Russell or the FTSE/JSE Advisory Committee determines that the Ground Rules are silent or do not specifically and unambiguously apply to the subject matter of any decision, any decision shall be based as far as practical on the Statement of Principles. After making any such determination, FTSE/JSE shall advise the market of its decision at the earliest opportunity. Any such treatment will not be considered as an exception or change to the Ground Rules, or to set a precedent for future action, but FTSE/JSE will consider whether the rules should subsequently be updated to provide greater clarity.

2.3.3 An exception to the Ground Rules may be authorised by the FTSE Russell Index Governance Board. Where an exception is granted to the Ground Rules under this rule, FTSE/JSE shall advise the market at the earliest opportunity. Any exception shall not be deemed to create a precedent for future decisions by FTSE/JSE, the FTSE Russell Index Governance Board or the FTSE/JSE Index Series Advisory Committee.

Section 3

FTSE Russell index policies

3. FTSE Russell index policies

These Ground Rules should be read in conjunction with the following policy documents, which can be accessed using the links below.

3.1 Statement of Principles for FTSE Russell Equity Indices (the Statement of Principles)

Indices need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the rules do not fully cover a specific event or development, FTSE Russell will determine the appropriate treatment by reference to the Statement of Principles, which summarises the ethos underlying FTSE Russell's approach to index construction. The Statement of Principles is reviewed annually and any changes proposed by FTSE Russell are presented to the FTSE Russell policy advisory board for discussion before approval by the FTSE Russell Index Governance Board.

The Statement of Principles can be accessed using the following link:

[Statement_of_Principles.pdf](#)

3.2 Queries, Complaints and Appeals

A constituent or prospective constituent company (or professional adviser acting on behalf of the company), a national organisation or a group of no fewer than 10 users of the Indices from different organisations acting in their professional capacity may appeal against decisions taken by FTSE Russell.

FTSE Russell's complaints procedure can be accessed using the following link:

[Benchmark_Determination_Complaints_Handling_Policy.pdf](#)

The appeal process can be accessed using the following link:

[Appeals_Against_Decisions.pdf](#)

3.3 Index Policy for Trading Halts and Market Closures

3.3.1 Guidance for the treatment of index changes in the event of trading halts or market closures can be found using the following link:

[Index_Policy_for_Trading_Halts_and_Market_Closures.pdf](#)

3.4 Index Policy in the Event Clients are Unable to Trade a Market or a Security

3.4.1 Details of FTSE Russell's treatment can be accessed using the following link:

[Index_Policy_in_the_Event_Clients_are_Unable_to_Trade_a_Market_or_a_Security.pdf](#)

3.5 Recalculation Policy and Guidelines

The FTSE/JSE All Africa Index Series is recalculated whenever errors or distortions occur that are deemed to be significant. Users of the FTSE/JSE All Africa Index Series are notified through appropriate media.

For further information, refer to the FTSE Russell Recalculation Policy and Guidelines document, which is available from the FTSE Russell website using the link below or by e-mailing info@ftserussell.com.

[Recalculation_Policy_and_Guidelines_Equity_Indices.pdf](#)

3.6 Policy for Benchmark Methodology Changes

3.6.1 Details of FTSE Russell's policy for making benchmark methodology changes can be accessed using the following link:

[Policy for Benchmark Methodology Changes.pdf](#)

3.7 FTSE Russell Governance Framework

3.7.1 To oversee its indices, FTSE Russell employs a governance framework that encompasses product, service and technology governance. The framework incorporates the London Stock Exchange Group's three lines of defence risk management framework and is designed to ensure compliance with the IOSCO Principles for Financial Benchmarks², the European benchmark regulation³ and the UK benchmark regulation⁴. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE Russell Governance Framework.pdf](#)

3.8 Real Time Status Definitions

3.8.1 For indices that are calculated in real time, please refer to the following guide for details of real time status definitions:

[Real Time Status Definitions.pdf](#)

² IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013.

³ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.

⁴ [The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019](#) (the UK Benchmark Regulation).

Section 4

Index construction

4. Index construction

4.1 Eligible companies

- 4.1.1 Companies are only eligible for inclusion in the FTSE/JSE All Africa Index Series if they are listed on the main board of a stock exchange in a qualifying country.
- 4.1.2 All classes of ordinary shares in issue, excluding inward listings affecting foreign portfolio investment allowances, are eligible for inclusion in the FTSE/JSE All Africa Index Series, subject to conforming to all other rules of eligibility, free float and liquidity.
- 4.1.3 In respect of South African-listed companies, only those that form part of the FTSE/JSE Top 40 Index will be eligible for inclusion. For information of the FTSE/JSE Top 40 Index, please refer to the FTSE Russell or JSE websites.
- 4.1.4 A company listed on a stock exchange in an African country that is not a qualifying country, but which has a secondary listing on a stock exchange in a qualifying country, will be eligible for inclusion in the FTSE/JSE All Africa Index Series by virtue of such secondary listing.
- 4.1.5 Convertible preference shares and loan stocks are excluded until converted.
- 4.1.6 Companies whose business is that of holding equity and other investments (e.g. investment trusts) will be eligible for inclusion. However, those investment funds, which have been classified by the FTSE Industry Classification Benchmark (ICB) as being in sectors ICB open end and miscellaneous investment vehicles 302050, are excluded. Companies classified as pyramid companies will also not be eligible.
- 4.1.7 Exchange traded funds (ETFs) and funds whose prices are a direct derivation of underlying holdings (e.g. unit trusts, mutual funds) are not eligible for inclusion.

4.2 Free float

The entire quoted equity capital of a constituent company is included in the calculation of its market capitalisation, subject to free float restrictions.

- 4.2.1 Free float restrictions include:
- shares directly owned by state, regional, municipal and local governments (excluding shares held by independently managed pension schemes for governments);
 - shares held by directors, senior executives and managers of the company, and by their family and direct relations, and by companies with which they are affiliated;
 - shares held within employee share plans;
 - shares held by public companies or by non-listed subsidiaries of public companies;
 - all shares where the holder is subject to a lock-in clause (for the duration of that clause)*;
 - all shares where the holder has a stated incentive to retain the shares (e.g. bonus shares paid if holding is retained for a set period of time)*;

- shares held by an investor, investment company or an investment fund for strategic reasons as evidenced by specific statements to that effect in publicly available announcements, has an employee on the board of directors of a company, has a shareholder agreement, has successfully placed a current member to the board of or has nominated a current member to the board of directors alongside a shareholder agreement with the company; and
- shares that are subject to on-going contractual agreements (such as swaps) where they would ordinarily be treated as restricted.

*Free float changes resulting from the expiry of a lock-in or incentive will be implemented at the next quarterly review subject to the lock-in or incentive expiry date occurring on or prior to the share and float change information cut-off date.

4.2.2 Free float restrictions where holding is 10% or greater:

- shares that are held by sovereign wealth funds; and
- shares held by founders, promoters, former directors, venture capital and private equity firms, private companies, individuals (including employees) and shares held by several holders acting in concert.

The shares will remain restricted until the holding falls below 10%.

4.2.3 Free float restrictions where holding is 30% or greater:

For clarity, portfolio holdings (such as pension fund, insurance fund or investment companies) are generally not considered as restricted. However, where a single portfolio holding is 30% or greater it will be regarded as strategic and therefore restricted. The shares will remain restricted until the holding falls below 30%.

If, in addition to the above restricted holdings, the company's shareholders are subject to legal restrictions, including foreign ownership restrictions, that are more restrictive, the legal restriction will be applied.

4.2.4 Nominee accounts:

Shares disclosed as being held by a nominee account are typically regarded as free float. However, if a restricted shareholder (as defined under sections 1 to 3) is identified as holding shares through a nominee account then that portion of shares will be restricted.

4.2.5 Free float bands:

Companies will be eligible for index inclusion if their global free float is above 5%.

4.2.6 Band 5% to 15%:

However, a company that has a free float greater than 5% but less than or equal to 15% will only be eligible for the index providing the full market capitalisation of the company is greater than USD 2.5 billion if it is in the FTSE emerging market or greater than USD 1.25 billion if it is in the FTSE frontier market. The actual free float will be rounded up to the next highest whole number.

4.2.7 Free float review:

Free float will be calculated using available published information rounded to 12 decimal places. Underlying data for the calculation of free float is collected on an ongoing basis and the detail free float percentage as maintained by FTSE/JSE is updated accordingly.

June updates

In June, a constituent's free float will be updated regardless of size. No buffers are applied.

March, September and December updates

At the March, September and December quarterly updates, a constituent with a free float greater than 15% will have its free float updated if it moves by more than three percentage points above or below the existing free float. For example, company A on a free float of 30% would trigger a change if its free float moved to above 33% or below 27%.

A constituent with a free float of 15% or below will be subject to a one percentage point threshold. For example, company B on a free float of 8% would trigger a change if its free float moved to above 9% or below 7%.

Quarterly updates to free float will be applied after the close of business on the third Friday of March, June, September and December. The data cut-off for these quarterly changes will be the close of business on the third Wednesday of February, May, August and November.

Updates arising from corporate events

Free float changes resulting from corporate events will not be subject to the buffers as detailed above and will be implemented in line with the event.

4.2.8 Foreign ownership limits

Foreign ownership limits, if any, will be applied after calculating the actual free float restriction, as detailed in rule 4.2.3. If the foreign ownership limit is more restrictive than the free float restriction, the precise foreign ownership limit is applied. If the foreign ownership limit is less restrictive or equal to the free float restriction, the free float restriction is applied, subject to rule 4.2.3.

4.3 Liquidity

Companies must be sufficiently liquid to be traded. The following criteria are used to ensure that illiquid securities are excluded.

4.3.1 Liquidity

Securities in the FTSE/JSE All Africa Index Series will be reviewed annually in December for liquidity*. Any period of suspension will not be included in the test. The liquidity test will be applied on a pro-rata basis where the testing period is less than 12 months.

*When calculating the liquidity trades per month of any security, a minimum of five trading days in each month must exist, otherwise the month will be excluded from the test.

Companies that do not turnover at least 0.5% of their shares in issue, after the application of any free float restrictions, per month in at least 10 of the 12 months prior to an annual review in December by the FTSE/JSE Advisory Committee will not be eligible for inclusion in the indices for the next 12 months. The free floated shares in issue for each month (November of the previous year to the October before the review) will be as determined on the last business day of each month.

An existing constituent which does not turnover at least 0.4% of its shares in issue, after the application of any free float restrictions, per month in at least eight of the 12 months prior to the annual review will be removed after close of the index calculation on the next trading day following the third Friday in December.

New issues to the FTSE/JSE All Africa Index Series will become eligible for inclusion at the next quarterly review of new constituents providing they have, since the commencement of official non-conditional trading, a minimum trading record of at least 20 trading days prior to the date of the review and turnover of a minimum of 0.5% of their shares in issue, after the application of any free float restrictions, per month in each month.

Any period when a share is suspended will be excluded from the above calculations.

In assessing liquidity, data on trading volume will be obtained from the country's exchange.

In exceptional market conditions, if trading volumes are very low, the FTSE/JSE Advisory Committee may reduce the percentage figure stated in this rule to avoid a large number of constituents being removed from the FTSE/JSE All Africa Index Series. This discretion may not be applied to individual securities. If the FTSE/JSE Advisory Committee intends to exercise this discretion, it must make a public statement to that effect at least two weeks prior to its quarterly review.

4.4 Index qualification criteria

4.4.1 FTSE/JSE All Africa 40 Index

The FTSE/JSE All Africa 40 Index will consist of the largest 40 eligible companies ranked by full market capitalisation, i.e. before the application of any investability weightings, which also meet the liquidity and free float requirements set out above. The number of constituents in this index is maintained at a constant level of 40 with each country other than South Africa being limited to a maximum of seven constituents and South Africa being limited to 10 constituents. In addition, no country may have more than 40% of the weight of the Index by investable market capitalisation.

4.4.2 FTSE/JSE All Africa ex South Africa 30 Index

The FTSE/JSE All Africa ex South Africa 30 Index will consist of the largest 30 eligible countries and stocks excluding South Africa ranked by full market capitalisation, i.e. before the application of any investability weightings, which also meet the liquidity and free float requirements set out above. The number of constituents in this Index is maintained at a constant level of 30 with each country being limited to a maximum of seven constituents. In addition, no country may have more than 40% of the weight of the index by investable market capitalisation.

Section 5

Periodic review of constituent companies

5. Periodic review of constituent companies

5.1 Review dates

- 5.1.1 The FTSE/JSE All Africa Index Series will be reviewed on a quarterly basis in March, June, September and December based on data from the close of business on the third Friday in February, May, August and November. The reviews will be implemented after the close of business on the third Friday (i.e. effective Monday) of March, June, September and December.
- 5.1.2 The underlying list of companies used to select the companies for the FTSE/JSE All Africa Index Series will only be updated annually in December from the third Friday of November (please see rule 5.4.2).

5.2 Responsibilities and reporting

- 5.2.1 FTSE Russell is responsible for conducting the quarterly review of constituents for the FTSE/JSE All Africa Index Series and will recommend to the FTSE/JSE Advisory Committee any constituents to be inserted or deleted as part of the quarterly review.
- 5.2.2 The FTSE/JSE Advisory Committee will decide whether to approve the recommendation presented to it or will determine what other action should be taken in consequence of the outcome of the review of constituents.
- 5.2.3 FTSE Russell is responsible for publishing the outcome of the quarterly review.

5.3 Rules for insertion and deletion at the quarterly review

- 5.3.1 The rules for inserting and deleting companies at the quarterly review are designed to provide stability in the selection of constituents of the FTSE/JSE All Africa Index Series while ensuring that the index continues to be representative of the market by including or excluding those companies that have risen or fallen significantly.
- 5.3.2 A company will be inserted at the quarterly review if it rises above the position stated below for the relevant index when the eligible companies for each index are ranked by full market value:
- | | |
|--|------------------------|
| FTSE/JSE All Africa 40 Index | Risen to 35th or above |
| FTSE/JSE All Africa ex South Africa 30 Index | Risen to 25th or above |
- 5.3.3 A company will be deleted at the quarterly review if it falls below the position stated below for the relevant index when the eligible companies for each index are ranked by full market value:
- | | |
|--|-------------------------|
| FTSE/JSE All Africa 40 Index | Fallen to 46th or below |
| FTSE/JSE All Africa ex South Africa 30 Index | Fallen to 36th or below |

5.3.4 While selecting a stock in South Africa that already has 10 constituents or any other country that already has seven constituents, buffers will also be in place within the individual countries during the quarterly review. A company will be inserted at the quarterly review if it rises above the position stated below for the relevant country when the eligible companies for each index are ranked by full market value:

South African constituents Risen to eighth or above

Non-South African constituents Risen to fifth or above

5.3.5 A company will be deleted at the quarterly review if it falls below the position stated below for the relevant country when the eligible companies for each index are ranked by full market value:

South African constituents Fallen to 12th or below

Non-South African constituents Fallen to ninth or below

5.3.6 A constant number of constituents will be maintained for each of the FTSE/JSE All Africa Indices. Where a greater number of companies qualify to be inserted in an index than those qualifying to be deleted, the lowest ranking constituents presently included in the index will be deleted to ensure that an equal number of companies are inserted and deleted at the periodic review. Likewise, where a greater number of companies qualify to be deleted than those qualifying to be inserted, the companies of the highest-ranking companies that are presently not included in the index will be inserted to match the number of companies being deleted at the periodic review.

5.3.7 Where a company is deleted after the FTSE/JSE Advisory Committee has met and approved periodic changes to the index but before the periodic changes have been implemented, the highest-ranking company, based on full market capitalisation from the new reserve list, excluding current index constituents, will replace the deleted company.

5.4 Monitoring of eligible companies

5.4.1 The market capitalisation of companies eligible for inclusion in the FTSE/JSE All Africa Index Series is monitored by FTSE. All listed ordinary companies on each stock exchange will be used to conduct the periodic reviews.

5.4.2 FTSE Russell will monitor all eligible companies from the countries listed in Appendix B once a year at the December review. Any new companies will be considered as part of the eligible universe at the next December review. In all other quarterly reviews FTSE, Russell will update the eligible universe only for any new companies that rank (by full market capitalisation) 10th or above in either of the FTSE/JSE All Africa Indices. These companies will need to pass the eligibility criteria as stated in Section 4.

5.5 Reserve lists

5.5.1 FTSE Russell will be responsible for publishing the two highest-ranking non-constituents in each qualifying country at the time of the periodic review. The appropriate reserve list will be used if one or more constituents are deleted during the period up to the next periodic review.

5.6 Country capping

5.6.1 FTSE Russell will be responsible for capping the countries in the FTSE/JSE All Africa 40 Index and the FTSE/JSE All Africa ex South Africa 30 Index to 40%. Each constituent in the capped country will be treated equally therefore they will receive the same capping factor.

5.6.2 Capping factors will be effective on the Monday after the third Friday of March, June, September and December. The data cut-off for these quarterly changes will be the close of business on the third Friday of February, May, August and November.

Section 6

Changes to constituent companies

6. Changes to constituent companies

6.1 Corporate actions and events

Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide using the following link:

[Corporate Actions and Events Guide.pdf](#)

A corporate action is an action on shareholders with a prescribed ex-date. The share price will be subject to an adjustment on the ex-date. These include the following:

- capital repayments
- rights issues/entitlement offers
- stock conversion
- splits (sub-division)/reverse splits (consolidation)
- scrip issues (capitalisation or bonus issue)

A corporate event is a reaction to company news (event) that may impact the index depending on the index rules. For example, a company announces a strategic shareholder is offering to sell their shares (secondary share offer) – this could result in a free float weighting change in the index. Where an index adjustment is required, FTSE Russell will provide notice advising of the timing of the change.

6.2 New issues

6.2.1 The FTSE/JSE All Africa 40 Index and FTSE/JSE All Africa ex South Africa 30 Index will not have intra-review additions. New equity securities that satisfy rule 5.4.2 will be reviewed for index inclusion at the next quarterly review.

6.3 Removal and replacement

6.3.1 If a constituent is delisted, ceases to have a firm quotation or is subject to a takeover offer that has been declared wholly unconditional or has, in the opinion of the chairman and deputy chairman of the FTSE/JSE Advisory Committee (or their nominated deputies), ceased to be a viable constituent as defined by the Ground Rules, it will be removed from the list of constituents and replaced by the highest ranking company by full market capitalisation eligible on the appropriate reserve list following rule 4.4 as at the close of the index calculation two days prior to the deletion.

6.3.2 If the company removed is a constituent of the FTSE/JSE All Africa 40 Index, the replacement company will be taken from the highest-ranking company on the FTSE/JSE All Africa 40 Index reserve list. A constituent removed from the FTSE/JSE All Africa ex South Africa 30 Index will be replaced by the highest-ranking company on the FTSE/JSE All Africa ex South Africa 30 Index reserve list. The replacement company must be taken in accordance with rule 4.4.

- 6.3.3 The removal and replacement are effected simultaneously, before the start of the index calculation on the second day following the day on which the event justifying removal was announced. Announcements made after the close of the index calculation are normally deemed to be made on the following business day.
- 6.3.4 In the event where a company has been deleted from the index but retains a listing with a float greater than 5%, it will be considered for index eligibility as a new issue following a period of 12 months.
- 6.3.5 In extreme circumstances, when rule 4.4 cannot be implemented due to a lack of companies in the country in question, the replacement company will be chosen from selecting the highest-ranking constituent in the appropriate reserve list. Therefore, it is possible to have one more stock in a country.

6.4 Mergers, restructuring and complex takeovers

- 6.4.1 If the effect of a merger or takeover is that one constituent in the FTSE/JSE All Africa 40 Index or the FTSE/JSE All Africa ex South Africa 30 Index is absorbed by another constituent, the resulting company will remain a constituent of the appropriate index and a vacancy will be created. This vacancy will be filled by selecting the highest-ranking security in the appropriate reserve list as at the close of the index calculation two days prior to the deletion and related indices adjusted in accordance with rule 6.3.
- 6.4.2 If a constituent company in either of the FTSE/JSE All Africa Indices is taken over by a non-constituent company, the original constituent will be removed and replaced by the highest-ranking non-constituent on the appropriate reserve list. Any eligible company resulting from the takeover will be eligible to become the replacement company in accordance with rule 4.4 if it is ranked higher than any company on the reserve list.
- 6.4.3 If a constituent company is split so as to form two or more companies, then the resulting companies will be eligible for inclusion as index constituents in the FTSE/JSE All Africa Indices based on their respective full market capitalisations, i.e. before the application of any investability weightings and if they qualify in all other respects. For example, a FTSE/JSE All Africa 40 Index constituent split into two companies may result in one or both companies remaining in the FTSE/JSE All Africa 40 Index. Where both companies remain in the FTSE/JSE All Africa 40 Index, the smallest FTSE/JSE All Africa 40 Index constituent following rule 4.4 will be placed in the reserve list.
- 6.4.4 In case of an unbundling, the new constituents will be added to all the indices that the original company belonged to for a period of two days. Index constituent changes resulting from the split will be determined based on the market values at close on day one of trading and applied using market values at close on day two of trading, following the date that the split becomes effective. Consequently, the FTSE/JSE All Africa 40 Index or the FTSE/JSE All Africa ex South Africa 30 Index may have an extra company for two days.
- 6.4.5 If the effect of a merger or takeover is that one constituent is absorbed by another constituent in the FTSE/JSE All Africa 40 Index or the FTSE/JSE All Africa ex South Africa 30 Index, the resulting company will remain a constituent of the index and a vacancy will be created. This vacancy will be filled by selecting the highest-ranking non-constituent in the relevant reserve list in accordance with rule 4.4 as at the close of the index calculation two days prior to the deletion.

6.5 Suspension of dealing

- 6.5.1 If a constituent is suspended, it may remain in the FTSE/JSE All Africa Index Series at the price at which it is suspended for up to 20 business days, while a suspended constituent of the FTSE/JSE All Africa 40 Index may remain in the index for up to five business days. During this time FTSE/JSE may agree to delete the constituent immediately at zero value in cases where it is expected that the constituent will not recommence trading.
- If a constituent is declared bankrupt, placed under curatorship, business rescue or placed in provisional liquidation, the last traded price will be adjusted down to zero value and it will subsequently be removed from the index with appropriate notice (typically T+2).
 - If there is no accompanying news when a constituent is suspended, FTSE/JSE will normally allow it to remain in the index for up to 20 business days (five business days in the FTSE/JSE All Africa 40) at its last traded price before determining whether to delete it at zero value or allow it to remain in the index.
 - In all other cases, the constituent will continue to be included in the index for a period of up to 20 business days at its last traded price.

- If it continues to be suspended at the end of that period (the suspension period), it will be subject to review. FTSE/JSE will take into account the stated reasons for the suspension. These reasons may include announcements made by the company regarding a pending acquisition or restructuring, and any stated intentions regarding a date for the resumption of trading. If following review, a decision is taken to remove the constituent, FTSE Russell will provide notice (via an informative notice for those index series that are supported by the index notice service) of 20 business days (the notice period) that it intends to remove the constituent, at zero value, at the conclusion of the notice period**. If the security has not resumed trading at the conclusion of the notice period, it will be removed with two days' notice.

*For the avoidance of doubt, constituents of those index series not supported by the index notice service will be removed at the conclusion of 40 business days, with two days' notice.

**If, during the notice period, further details are disclosed as to the reason for a company's suspension, those reasons (and any possible resumption of trade date) will be taken into account when determining if the company should remain on notice.

- If a suspended constituent resumes trading on or before the last business day of the notice period, the deletion notice will be rescinded and the constituent will be retained in the index. However, where the constituent resumes trading after the 40th business day of suspension, the constituent will continue to be removed from the index as previously announced but in these circumstances the deletion will instead be implemented at market value unless there are barriers that render a market value irreproducible. In this event, the company will continue to be removed at zero.
- In certain limited circumstances where the index weight of the constituent is significant and FTSE/JSE determines that a market-related value can be established for the suspended constituent, for example because similar company securities continue to trade, deletion may take place at the market-related value instead. In such circumstances, FTSE/JSE will set out its rationale for the proposed treatment of the constituent at the end of the suspension period. The company would then be removed at that value at the end of the notice period.
- If a constituent has been removed from the index and trading is subsequently restored, it will only be reconsidered for inclusion after a period of 12 months from its deletion. For the purposes of index eligibility it will be treated as a new issue.

6.6 Changes to constituent weightings

6.6.1 For the purposes of computing the FTSE/JSE All Africa Index Series and to prevent a large number of insignificant weighting changes, only shares and float changes occasioned by primary or secondary offerings will be updated outside of the quarterly update cycle where:

- there is a USD one billion investable market cap change related to a primary/secondary offering; or
- there is a resultant 5% change in index shares related to a primary or secondary offerings and a USD 250 million investable market cap change.

These changes will be implemented after the close on the day that the subscription period closes, assuming two days' notice can be provided. If two days' notice cannot be provided prior to the end of the subscription period, the change will still proceed with two days' notice and will be implemented at the earliest opportunity.

For example: subscription close is Monday 4 April and discovery of the event is Friday 1 April. Therefore, implementation will occur with two days' notice, effective on Wednesday 6 April (i.e. close of business Tuesday 5 April).

If discovery of the event occurs more than two days after the close of the subscription period, the changes will be deferred until the quarterly review cycle.

For example: subscription close is Monday 4 April and discovery of the event is Wednesday 6 April. Therefore, implementation will occur with two days' notice, effective on Monday 11 April (i.e. close of business Friday 8 April). However, if discovery occurred after Wednesday 6 April, the update will be deferred until the next quarterly review.

Please note:

- Index shares is defined as the number of shares in issue x free float.
- The market close price on the day prior to discovery (converted, if necessary, using the WM/Refinitiv 16:00 spot rates from the day prior to discovery) will be used to calculate whether the intra-quarter thresholds have been triggered. Any change to the market price between this date and index implementation will not result in a cancellation of the change. Similarly, if discovery occurs at the beginning of the subscription period and it does not achieve the triggers for intra-quarter implementation, but during the subscription period, the market price moves upwards and the thresholds are consequently triggered, the event will not be implemented and it will be deferred until the quarterly index review.
- The share and free float change triggers are calculated from an international investor stance. If an index constituent is represented both in a global and domestic index (e.g. FTSE/JSE Top 40 and FTSE Global Equity Index Series), the update will only be implemented if the parameters are breached at global level. Such a situation may arise where a constituent is subject to a foreign ownership restriction in the global index.

6.6.2 Adjustments to reflect a major change in the amount or structure of a constituent company's issued capital must be made before the start of the index calculation on the day on which the change takes effect (e.g. the ex-date for a rights or capitalisation issue). Announcements of corporate events, which are made after the close of the index calculation, are normally deemed to be made on the following day.

6.6.3 Quarterly updates

Share changes not arising from corporate events:

- In June, a constituent's shares will be updated regardless of size. No buffers are applied.
- In March, September and December, share changes greater than 1% will be updated.

Quarterly updates to shares will be applied after the close of business on the third Friday of March, June, September and December. The data cut-off for these quarterly changes will be the close of business on the third Wednesday of February, May, August and November.

6.6.4 Free float and share changes resulting from corporate events will not be subject to the buffers as detailed in rules 6.6.1 and 6.6.3 and will be implemented in line with the event.

6.6.5 All adjustments are made before the start of the index calculation on the day concerned unless market conditions prevent this.

Section 7

Industry Classification Benchmark (ICB)

7. Industry Classification Benchmark (ICB)

7.1 ICB committee

7.1.1 The FTSE ICB committee is responsible for the industry classification of constituents of the FTSE/JSE All Africa Index Series within the ICB system. The FTSE ICB committee may approve changes to the ICB system and management rules.

7.1.2 The classification of securities within industry is undertaken by FTSE and the JSE.

7.2 Classification of constituents within industry and sectors⁵

7.2.1 The FTSE/JSE All Africa Index Series constituents are classified into industries, supersectors, sectors and subsectors, as defined by the ICB.

7.2.2 Details of the ICB are available from FTSE Russell (see Appendix C Country additions and deletions)

Countries were added to or deleted from the FTSE/JSE All Africa Index Series at the market close on the following dates:

15 September 2023

Addition: Ghana and Tanzania

Deletion: Nigeria ([announcement](#))

⁵ FTSE indices migrated to the new ICB classification system in March 2021.

7.2.3 **Appendix D**
) and published on the FTSE Russell website (www.ftserussell.com).

Section 8

Index calculation

8. Index calculation

8.1.1 All indices within the FTSE/JSE All Africa Index Series will be displayed to two decimal points.

8.1.2 The FTSE/JSE All Africa Index Series will be calculated in real time and published every 15 seconds.

8.1.3 The FTSE/JSE All Africa Index Series is calculated using the following formula:

$$\sum_{i=1}^N \frac{(p_i \times e_i \times s_i \times f_i \times c_i)}{d}$$

Where:

- $i=1, 2, \dots, N$;
- N is the number of securities in the index;
- p_i is the latest trade price of the component security (or the price at the close of the index on the previous day);
- e_i is the exchange rate required to convert the security's currency into the index's base currency;
- s_i is the number of shares in issue used by FTSE Russell for the security, as defined in these Ground Rules;
- f_i is the investability weighting factor to be applied to a security to allow amendments to its weighting, expressed as a number between 0 and 1, where 1 represents a 100% free float. This factor is published by FTSE Russell for each security in the underlying index;
- c_i is the capping factor to be applied to a security to correctly weight that security in the index. This factor maps the investable market capitalisation of each stock to a notional market capitalisation for inclusion in the index; and
- D is the divisor, a figure that represents the total issued share capital of the index at the base date. The divisor can be adjusted to allow changes in the issued share capital of individual securities to be made without distorting the index.

Appendix A

Index opening and closing hours

Index	Open	Close
FTSE/JSE All Africa 40 Index	06:30	18:10
FTSE/JSE All Africa 40 Index – Rand	06:30	18:10
FTSE/JSE All Africa ex South Africa 30 Index	06:30	18:10
FTSE/JSE All Africa ex South Africa 30 Index – Rand	06:30	18:10

Note: timings are UK hours.

Appendix B

Qualifying countries

The following countries are eligible to be included to the FTSE JSE All Africa Index Series.

Botswana

Egypt

Ghana

Ivory Coast

Kenya

Mauritius

Morocco

South Africa (not included in the FTSE/JSE All Africa ex South Africa 30 Index)

Tanzania

Tunisia

Appendix C

Country additions and deletions

Countries were added to or deleted from the FTSE/JSE All Africa Index Series at the market close on the following dates:

15 September 2023

Addition: Ghana and Tanzania

Deletion: Nigeria ([announcement](#))

Appendix D

Status of indices

Status of indices

The FTSE/JSE All Africa Index Series is calculated in US Dollars and South African Rand on a real-time basis.

The indices are being calculated during the official index hours (see Appendix A) on actual trades reported to FTSE Russell by the stock exchanges on which the relevant constituent companies are listed and during trading hours of those stock exchanges.

For further details of real-time definitions please refer to the following guide:

[Real Time Status Definitions.pdf](#)

The official index hours are set out in Appendix A. Variations to the official index hours will be published by FTSE/JSE as appropriate.

In addition to USD and ZAR, Euro, UK Sterling and Japanese Yen index values will be calculated on an end-of-day basis.

Appendix E

Further information

Contacting FTSE Russell and the JSE

Further information on the FTSE/JSE All Africa Index Series is available from FTSE Russell and the JSE.

Enquiries should be addressed in the first instance to:

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